

Welcome and Congratulatory Resolutions

S. R. No. 787—By Senator Blanchard: Extending congratulations to Mr. and Mrs. Roy Wicker, Jr., on their selection as Seagraves "Farm Family of the Year."

S. R. No. 788—By Senator Blanchard: Extending congratulations to Mr. and Mrs. Garland Phillips and their son, Loren, for their devotion to their community.

S. R. No. 789—By Senator Blanchard: Extending congratulations to Arthur Griffin, Crosbyton, "Citizen of the Year."

S. R. No. 790—By Senator Watson: Commending Trenton Horton for his Service as a Texas Ranger.

S. R. No. 792—By Senator Watson: Commending Waco Regional office of Veteran's Administration on receipt of Superior Accomplishment Award.

S. R. No. 794—By Senator Snelson: Commending Mrs. J. Philip Robbins on her selection as First Lady of Fort Stockton for 1971.

S. R. No. 795—By Senator Watson: Extending welcome to Dr. Ellis Marshall, et al.

S. R. No. 797—By Senator Aikin: Extending welcome to Miss Kay Kennedy.

S. R. No. 798—By Senator Watson: Extending welcome to the Honorable Roy Sanderford.

S. R. No. 799—By Senator Watson: Extending welcome to Paul Boyd.

Adjournment

On motion of Senator Aikin the Senate at 12:19 o'clock p.m. adjourned until 11:00 o'clock a.m. Monday, March 29, 1971.

APPENDIX

Sent to Governor

March 25, 1971

S. C. R. No. 62.

FORTY-FIFTH DAY

(Monday, March 29, 1971)

The Senate met at 11:00 o'clock a.m., pursuant to adjournment, and was called to order by the President Pro Tempore.

The roll was called and the following Senators were present:

Aikin	Hightower
Bates	Jordan
Beckworth	Kennard
Bernal	Kothmann
Blanchard	Mauzy
Bridges	McKool
Brooks	Moore
Christie	Patman
Connally	Ratliff
Creighton	Schwartz
Grover	Sherman
Hall	Snelson
Harrington	Wallace
Harris	Watson
Herring	Wilson

Absent—Excused

Word

A quorum was announced present.

Rabbi Samuel M. Stahl offered the invocation as follows:

"God of all mankind! Standing in this historic chamber, we recall the vision of the founders of our nation, of which Texas is a proud part. We admire their zealous dedication and pray for the fortitude never to veer from their noble aims.

"May all of us emulate their prophetic boldness, their scrupulous honesty, and their educated wisdom as we are about to grapple with the maladies plaguing us today.

—the continuing agony of non-whites in failing to achieve full recognition as authentic human beings;

—the hordes of underprivileged infants, starving in the rat-infested cribs;

—the silencing of true, but unpopular, opinions because they unsettle the 'silent majority'; and

—the desecration of our environment through negligence or through the greedy desire for gain.

"As we now are about to determine the destiny of Texas, grant us the strength to enter our debates and deliberations, without concern for the cheering of the approving masses or

the increase in fortune, but with integrity and with ethical nobility. Amen."

On motion of Senator Aikin and by unanimous consent, the reading of the Journal of the proceedings of Thursday, March 25, 1971 was dispensed with and the Journal was approved.

Leave of Absence

Senator Word was granted leave of absence for today on account of important business on motion of Senator Hall.

Message From the House

Hall of the House of Representatives
Austin, Texas,
March 29, 1971.

Hon. Ben Barnes, President of the Senate.

Sir: I am directed by the House to inform the Senate that the House has passed the following:

H. C. R. No. 98, Extending an invitation to The Reverend Dr. Billy Graham to hold a crusade in Austin.

H. B. No. 32, A bill to be entitled "An Act relating to the speed for motorcycles and motor-driven cycles; amending Subsection (a), Section 166, Chapter 421, Acts of the 50th Legislature, 1947, as added (Article 6701d, Vernon's Texas Civil Statutes); and declaring an emergency."

H. B. No. 384, A bill to be entitled "An Act relating to the authority and responsibility of the commissioners court of each county in the state to fix the compensation and allowances for all officials and employees paid wholly from county funds; providing an effective date; repealing all laws or parts of laws relating to compensation and allowances for officials and employees paid wholly from county funds; and declaring an emergency."

Respectfully submitted,

DOROTHY HALLMAN,
Chief Clerk, House of Representatives

Reports of Standing Committees

Senator Hall submitted the following reports for the Committee on County, District and Urban Affairs:

S. B. No. 805.

S. B. No. 426.

S. B. No. 425.

S. B. No. 424.

Senator Creighton submitted the following reports for the Committee on Water and Conservation:

S. B. No. 652.

S. B. No. 700.

S. B. No. 701.

S. C. R. No. 41 (Amended).

S. B. No. 884.

Senate Resolution 806

Senator Herring offered the following resolution:

Whereas, It is a pleasure for Members of the Senate of Texas to pay tribute to one of our most distinguished colleagues on the occasion of his forty-eighth birthday; and

Whereas, Senator W. E. "Pete" Snelson made his entry into this world on March 28, 1923 in Grandfalls, Texas, the son of Mr. and Mrs. Luke R. Snelson; and

Whereas, "Pete" Snelson earned his Bachelor of Arts degree at The University of Texas at El Paso; he pursued his studies further at Northwestern University where he received his Master of Science degree; the years from 1943 to 1946, he spent in the service of his country; he served in the European Theatre with the United States Army as a Special Agent of the Counter Intelligence Corps; and

Whereas, He began his political career when he was elected to serve in the Texas House of Representatives from 1960 to 1962; he was elected to the Senate in 1964, serving one term, and returned to the Senate in 1968 serving until the present time, he has served the Senate with honor and distinction; and

Whereas, He has been supported in all of his undertakings by his charming wife, Susan; they are the proud parents of four delightful children, Gene, Sandra, Steven and Shane; now, therefore, be it

Resolved, That the Senate of the 62nd Legislature take this opportunity to wish our esteemed colleague, Senator W. E. "Pete" Snelson a very happy birthday; and express to him

our sincere appreciation for the significant contributions he has made toward the betterment of the State of Texas.

HERRING

Signed—Lieutenant Governor Ben Barnes; Aikin, Bates, Beckworth, Bernal, Blanchard, Bridges, Brooks, Christie, Connally, Creighton, Grover, Hall, Harrington, Harris, Hightower, Jordan, Kennard, Kothmann, Mauzy, McKool, Moore, Patman, Ratliff, Schwartz, Sherman, Wallace, Watson, Wilson, and Word.

The resolution was read.

On motion of Senator Aikin and by unanimous consent, the names of the Lieutenant Governor and Senators were added to the resolution as signers thereof.

On motion of Senator Herring the resolution was adopted.

Senate Bills on First Reading

Senator Brooks moved that Senate Rule 108 and Section 5 of Article III of the State Constitution be suspended to permit the introduction at this time, the following bills, the provisions of which were explained.

The motion prevailed by the following vote:

Yeas—30

Aikin	Hightower
Bates	Jordan
Beckworth	Kennard
Bernal	Kothmann
Blanchard	Mauzy
Bridges	McKool
Brooks	Moore
Christie	Patman
Connally	Ratliff
Creighton	Schwartz
Grover	Sherman
Hall	Snelson
Harrington	Wallace
Harris	Watson
Herring	Wilson

Absent—Excused

Word

The following bills were then introduced, read first time and referred to the Committees indicated:

By Senator Beckworth:

S. B. No. 888, A bill to be entitled "An Act relating to the salary of the Criminal District Attorney of Upshur County, his assistant, and his secre-

tary; amending Sections 4 and 5, Chapter 508, Acts of the 58th Legislature, 1963 (Article 326k-51, Vernon's Texas Civil Statutes); and declaring an emergency."

To Committee on County, District and Urban Affairs.

By Senator Brooks:

S. B. No. 889, A bill to be entitled "An Act relating to the duties of the Advisory Council for Technical-Vocational Education; amending Section 7, Chapter 89, Acts of the 61st Legislature, Regular Session, 1969 (Article 2675n, Vernon's Texas Civil Statutes); and declaring an emergency."

To Committee on State Departments and Institutions.

By Senator Brooks:

S. B. No. 890, A bill to be entitled "An Act relating to qualifications for a professional certificate for teachers; amending Subsection (a), Section 13.07, Texas Education Code; and declaring an emergency."

To Committee on Education.

By Senator Brooks:

S. B. No. 891, A bill to be entitled "An Act relating to an interstate agreement on qualifications of educational personnel; amending the Texas Education Code by adding Chapter 162; and declaring an emergency."

To Committee on Education.

By Senator Harrington:

S. B. No. 892, A bill to be entitled "An Act, to be known as the "Civic Center Authority Act," providing for the creation of Civic Center Authorities without taxing power; defining terms; making Authority a body politic and corporate and a political subdivision of the State; providing for an Authority's powers, authorization and purposes; providing the areas which may be included within an Authority; providing the manner of creation of an Authority; providing for its governing body; providing that the Authority can enter into contracts and leases; providing for the issuance of bonds and refunding bonds by the Authority; making such bonds legal investments; containing other provisions relating to the subject; containing a severability clause; and declaring an emergency."

To Committee on Interstate Cooperation.

By Senator Harrington:

S. B. No. 893, A bill to be entitled "An Act authorizing cities, towns, and villages to contract with Civic Center Authorities; declaring the applicability of the Act; authorizing the contracts for certain purposes and providing for the terms, conditions, and duration thereof; providing for payments by city to an Authority and declaring the sources therefor; providing for election by a city for authority to levy and collect ad valorem taxes; providing that this Act shall control in instances of conflict with general laws or home-rule charters; containing other provisions relating to the subject; and declaring an emergency."

To Committee on Interstate Cooperation.

House Bills on First Reading

The following bills received from the House, were read the first time and referred to the Committees indicated:

H. B. No. 384, To Committee on County, District and Urban Affairs.

H. B. No. 32, To Committee on Transportation.

Senate Resolution 808

Senator Hightower offered the following resolution:

Whereas, It has been a growing tradition in the Texas Senate to honor children of Members; and

Whereas, A proper candidate for Mascot of the Senate is Jill Wallace, daughter of our distinguished colleague, Senator Jim Wallace; now, therefore, be it

Resolved, That this charming youngster be honored as Mascot of the Senate of the State of Texas; and be it further

Resolved, That copies of this Resolution be prepared for her as a memento of this occasion.

HIGHTOWER

Signed—Lieutenant Governor Ben Barnes; Aikin, Bates, Beckworth, Bernal, Blanchard, Bridges, Brooks, Christie, Connally, Creighton, Grover, Hall, Harrington, Harris, Herring, Jordan, Kennard, Kothmann, Mauzy, McKool, Moore, Patman, Ratliff, Schwartz, Sherman, Snelson, Wallace, Watson, Wilson and Word.

The resolution was read.

On motion of Senator Jordan and by unanimous consent, the names of the Lieutenant Governor and Senators were added to the resolution as signers thereof.

On motion of Senator Aikin the resolution was adopted.

The President Pro Tempore presented Jill Wallace to the Members of the Senate.

Message From Governor

The following Message received from the Governor was read and referred to the Committee on Nominations:

Austin, Texas,
March 29, 1971.

To the Senate of the Sixty-second Legislature:

I ask the advice, consent, and confirmation of the Senate with respect to the following appointments:

To be Members of the Board of Regents of Stephen F. Austin State University: For six-year terms to expire January 31, 1977: Douglas Bergman, of Dallas, Dallas County, for reappointment; Walter C. Todd, of Dallas, Dallas County, for reappointment; Robert C. Gray, of Austin, Travis County, to replace John Harold Bates, of Houston, Harris County, whose term has expired.

Respectfully submitted,
PRESTON SMITH,
Governor of Texas.

Senate Bill 479 Re-referred

On motion of Senator Mauzy and by unanimous consent, S. B. No. 479 was withdrawn from the Committee on Insurance and re-referred to the Committee on Jurisprudence.

Senate Bill 233 on Second Reading

On motion of Senator Christie and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

S. B. No. 233, A bill to be entitled "An Act to be known as the Insurance Holding Company System Regulatory Act, relating to regulation of

insurance holding companies, subsidiaries, and affiliates, and their transactions with insurance companies; and declaring an emergency."

The bill was read second time.

Senator Christie offered the following Committee Amendment to the bill:

Amend Senate Bill No. 233 by striking out all below the Enacting Clause and substituting in lieu thereof the following:

Section 1. Chapter 21, Texas Insurance Code, is amended by adding an Article 21.49 to read as follows:

"Article 21.49. INSURANCE HOLDING COMPANY SYSTEM REGULATORY ACT.

"Section 1. FINDINGS. (a) It is hereby found and declared that it may not be inconsistent with the public interest and the interest of policyholders and shareholders to permit insurers to:

"(1) engage in activities which would enable them to make better use of management skills and facilities;

"(2) have free access to capital markets which could provide funds for insurers to use in diversification programs;

"(3) implement sound tax planning conclusions; and

"(4) serve the changing needs of the public and adapt to changing conditions of the social, economic, and political environment, so that insurers are able to compete effectively and to meet the growing public demand for institutions capable of providing a comprehensive range of financial services.

"(b) It is further found and declared that the public interest and the interests of policyholders and shareholders are or may be adversely affected when:

"(1) control of an insurer is sought by persons who would utilize such control adversely to the interest of policyholders or shareholders;

"(2) acquisition of control of an insurer would substantially lessen competition or create a monopoly in the insurance business in this state;

"(3) an insurer which is part of a holding company system is caused to enter into transactions or relationships with affiliated companies on terms which are not fair and reasonable; or

"(4) an insurer pays dividends to shareholders which jeopardize the financial condition of such insurer.

"(c) It is hereby declared that the policies and purposes of this article are to promote the public interest by:

"(1) facilitating the achievement of the objections enumerated in Subsection (a);

"(2) requiring disclosure of pertinent information relating to and approval of changes in control of an insurer;

"(3) requiring disclosure and approval of material transactions and relationships between the insurer and its affiliates, including certain dividends to shareholders paid by the insurer; and

"(4) providing standards governing material transactions between the insurer and its affiliates.

"(d) It is further declared that it is desirable to prevent unnecessary multiple and conflicting regulation of insurers. Therefore, this state shall exercise regulatory authority over domestic insurers and, unless otherwise provided in this article, not over non-domestic insurers, with respect to the matters contained herein.

"Section 2. DEFINITIONS. As used in this article, the following terms shall have the respective meanings hereinafter set forth, unless the context shall otherwise require:

"(a) Affiliate. An 'affiliate' of, or person 'affiliated' with, a specific person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

"(b) Commissioner. The term 'Commissioner' shall mean the Commissioner of Insurance, his deputies, or the State Board of Insurance, as appropriate.

"(c) Control. The term 'control,' including the terms 'controlling,' 'controlled by,' and 'under common control with,' means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls,

holds with the power to vote, or holds irrevocable proxies representing, 10 percent or more of the voting securities or authority of any other person. This presumption may be rebutted by a showing made in the manner provided by Section 3(i) that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such determination, that control exists in fact, notwithstanding the absence of a presumption to that effect, where a person exercises directly or indirectly either alone or pursuant to an agreement with one or more other persons such a controlling influence over the management or policies of an authorized insurer as to make it necessary or appropriate in the public interest or for the protection of the policyholders or stockholders of the insurer that the person be deemed to control the insurer.

"(d) Holding Company. The term 'holding company' means any person who directly or indirectly controls any insurer.

"(e) Controlled Insurer. The term 'controlled insurer' means an insurer controlled directly or indirectly by a holding company.

"(f) Controlled person. The term 'controlled person' means any person, other than a controlled insurer who is controlled directly or indirectly by a holding company.

"(g) Insurance Holding Company System. The term 'insurance holding company system' consists of two or more affiliated persons, one or more of which is an insurer.

"(h) Insurer. The term 'insurer' shall include all insurance companies organized or chartered under the laws of this state, or licensed to do business in this state, including capital stock companies, mutual companies, title insurance companies, fraternal benefit societies, local mutual aid associations, statewide mutual assessment companies, county mutual insurance companies, Lloyds' Plan companies, reciprocal or inter-insurance exchanges, stipulated premium insurance companies, and group hospital service companies, except that it shall not include agencies, authorities, or instrumentalities of the United States, its possessions and territories, the Commonwealth of Puerto Rico, the

District of Columbia, or a state or political subdivision of a state.

"(i) Person. A 'person' is an individual, a corporation, a partnership, an association, a joint stock company, a trust, an unincorporated organization, any similar entity or any combination of the foregoing acting in concert, but shall not include any securities broker performing no more than the usual and customary broker's function.

"(j) Securityholder. A 'securityholder' of a specified person is one who owns any security of such person, including common stock, preferred stock, debt obligations, and any other security convertible into or evidencing the right to acquire any of the foregoing.

"(k) Subsidiary. A 'subsidiary' of a specified person is an affiliate controlled by such person directly or indirectly through one or more intermediaries.

"(l) Voting Security. The term 'voting security' shall include any security convertible into or evidencing a right to acquire a voting security.

"(m) Notwithstanding any other provision of this article, the following shall not be deemed holding companies: the United States, a state or any political subdivision, agency, or instrumentality thereof, or any corporation which is wholly owned directly or indirectly by one or more of the foregoing.

"(n) Notwithstanding any other provision of this Article, this Article shall not be applicable to any insurance holding company system in which the insurer, the holding company, if any, the subsidiaries, if any, the affiliates, if any, and each and every other member thereof, if any, is privately owned by not more than five (5) securityholders, each of whom is and must be an individual or a natural person.

"Section 3. REGISTRATION OF INSURERS. (a) Registration. Every insurer which is authorized to do business in this state and which is a member of an insurance holding company system shall register with the commissioner, except a foreign or non-domestic insurer subject to disclosure requirements and standards adopted by statute or regulation in the jurisdiction of its domicile which are substantially similar to those contained in this article. Any insurer

which is subject to registration under this section shall register within 60 days after the effective date of this article or 15 days after it becomes subject to registration, whichever is later, unless the commissioner, for good cause shown, extends the time for registration, and then within such extended time. The commissioner may require any authorized insurer which is a member of an insurance holding company system which is not subject to registration under this Section to furnish a copy of the registration statement or other information filed by such insurance company with the insurance regulatory authority of its domiciliary jurisdiction.

"(b) Information and Form Required. Every insurer subject to registration shall file a registration statement on a form provided by the commissioner, which shall contain current information about:

"(1) the identity of every member of the insurance holding company system;

"(2) the capital structure, general financial condition, ownership and management of the insurer, its holding company, and the insurer's subsidiaries and, if deemed necessary in the judgment of the commissioner, any of its affiliates;

"(3) the following agreements in force, relationships subsisting, and transactions currently outstanding between such insurer and its holding company, its subsidiaries, or its affiliates;

"(i) loans, other investments, or purchases, sales or exchanges of securities of any of the affiliates by the insurer or of the insurer by any of its affiliates;

"(ii) purchases, sales, or exchanges of assets;

"(iii) transactions not in the ordinary course of business;

"(iv) guarantees or undertakings for the benefit of an affiliate which result in an actual contingent exposure of the insurer's assets to liability, other than insurance contracts entered into in the ordinary course of the insurer's business;

"(v) all management and service contracts and all cost-sharing arrangements, other than cost allocation arrangements based upon generally accepted accounting principles; and

"(vi) reinsurance agreements cover-

ing one or more lines of insurance of the ceding company;

"(4) other matters concerning transactions between registered insurers and any affiliates as may be included from time to time in any registration forms adopted or approved by the commissioner; and

"(5) such filing shall include a copy of the charter or articles of incorporation and bylaws of such insurer's holding company and such insurer's subsidiaries and, if deemed necessary in the judgment of the commissioner, any of its affiliates.

"(c) Materiality. No information need be disclosed on the registration statement filed pursuant to Section 3(b), or the amendments thereto pursuant to Section 3(d), if such information is not material for the purposes of this section. Unless the commissioner by rule, regulation, or order provided otherwise, either single transactions or the cumulative total of all transactions involving sales, purchases, exchanges, loans or extensions of credit, or investments, which involve either one-half of one percent or less of an insurer's admitted assets, or five percent or less of an insurer's surplus, determined by whichever is the lesser, as of the 31st day of December next preceding, shall not be deemed material for purposes of this section, but any such single transaction or the cumulative total of such transactions in excess of the lesser of such percentages shall be deemed material.

"(d) Amendments to Registration Statements. Each registered insurer shall keep current the information required to be disclosed in its registration statement by reporting all material changes or additions on amendment forms provided by the commissioner within 15 days after the end of the month in which it learns of each such change or addition; provided, however, that subject to Subsection (c) of Section 4, each registered insurer shall so report all dividends and other distributions to shareholders within two business days following the declaration thereof, and provided further that any transaction authorized by Section 4(d) hereof need not be reported under this subsection.

"(e) Termination of Registration. The commissioner shall terminate the registration of any insurer which demonstrates that it no longer is a mem-

ber of an insurance holding company system.

"(f) Consolidated Filing. The commissioner may require or allow two or more affiliated insurers subject to registration hereunder to file a consolidated registration statement or consolidated reports amending their consolidated registration statement or their individual registration statements.

"(g) Alternative Registration. The commissioner may allow an insurer which is authorized to do business in this state and which is part of an insurance holding company system to register on behalf of any affiliated insurer which is required to register under Subsection (a) and to file all information and material required to be filed under this section.

"(h) Exemptions. The provisions of this section shall not apply to any insurer, information, or transaction if and to the extent that the commissioner by rule, regulation, or order shall exempt the same from the provisions of this section.

"(i) Disclaimer. Any person may file with the commissioner a disclaimer of affiliation with any authorized insurer or such a disclaimer may be filed by such insurer or any member of an insurance holding company system. The disclaimer shall fully disclose all material relationships and basis for affiliation between such person and such insurer as well as the basis for disclaiming such affiliation. After a disclaimer has been filed, the insurer shall be relieved of any duty to register or report under this section which may arise out of the insurer's relationship with such person unless and until the commissioner disallows such a disclaimer. The commissioner shall disallow such a disclaimer only after furnishing all parties in interest with notice and opportunity to be heard and after making specific findings of fact to support such disallowance.

"(j) Violations. The failure to file a registration statement or any amendment thereto required by this section within the time specified for such filing shall be a violation of this section.

"Section 4. TRANSACTIONS WITHIN AN INSURANCE HOLDING COMPANY SYSTEM. (a) Transactions with Affiliates. Material transactions by registered insurers

with their holding companies, subsidiaries, or affiliates shall be subject to the following standards:

"(1) the terms shall be fair and equitable;

"(2) charges or fees for services performed shall be reasonable;

"(3) the books, accounts, and records of each party shall be so maintained as to clearly and accurately disclose the precise nature and details of the transactions;

"(4) expenses incurred and payments received shall be allocated to the insurer on an equitable basis in conformity with customary insurance accounting principles consistently applied; and

"(5) the insurer's surplus as regards policyholders following any dividends or distributions to the holding company or shareholder affiliates shall be reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs.

"(b) Adequacy of Surplus. For the purposes of this article, in determining whether an insurer's surplus as regards policyholders is reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs, the following factors, among others, shall be considered:

"(1) the size of the insurer as measured by its assets, capital and surplus, reserves, premium writings, insurance in force, and other appropriate criteria;

"(2) the extent to which the insurer's business is diversified among the several lines of insurance;

"(3) the number and size of risks insured in each line of business;

"(4) the extent of the geographical dispersion of the insurer's insured risks;

"(5) the nature and extent of the insurer's reinsurance program;

"(6) the quality, diversification, and liquidity of the insurer's investment portfolio;

"(7) the recent past and projected future trend in the size of the insurer's surplus as regards policyholders;

"(8) the surplus as regards policyholders maintained by other comparable insurers;

"(9) the adequacy of the insurer's reserves; and

"(10) the quality and liquidity of investments in subsidiaries made pursuant to Section 6. The commissioner may treat any such investment as a non-admitted or disallowed asset for purposes of determining the adequacy

of surplus as regards policyholders whenever in his judgment such investment so warrants.

"(c) Dividends and Other Distributions. (1) No insurer subject to registration under Section 3 shall pay any extraordinary dividend or make any other extraordinary distribution to its shareholders until (i) 30 days after the commissioner has received notice of the declaration thereof and has not within such period disapproved such payment, or (ii) the commissioner shall have approved such payment within such 30-day period.

"(2) For purposes of this section, an extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding 12 months exceeds the greater of (i) 10 percent of such insurer's surplus as regards policyholders as of the 31st day of December next preceding, or (ii) the net gain from operations of such insurer, if such insurer is a life insurer, or the net investment income, if such insurer is not a life insurer, for the 12-month period ending the 31st day of December next preceding, but shall not include pro rata distributions of any class of the insurer's own securities.

"(3) Notwithstanding any other provision of law, an insurer may declare an extraordinary dividend or distribution which is conditional upon the commissioner's approval thereof, and such a declaration shall confer no rights upon shareholders until (i) the commissioner has approved the payment of such dividend or distribution or (ii) the commissioner has not disapproved such payment within the 30-day period referred to above.

"(d) Commissioner's Approval Required. (1) The prior written approval of the commissioner shall be required for the following transactions between a domestic insurer and any person in its holding company system: sales, purchases, exchanges, loans or extensions of credit, or investments, involving more than either five percent of the insurer's admitted assets or 25 percent of the insurer's surplus, whichever is the lesser, as of the 31st of December next preceding; provided, however, that the Commissioner must give his decision of either approval or disapproval within 90 days after notification by the insurer and his failure to so act

within such 90 days shall constitute approval of the transaction.

"(2) The following transactions between a domestic insurer and any person in its holding company system may not be entered into unless the insurer has notified the commissioner in writing of its intention to enter into any such transaction at least 30 days prior thereto, or such shorter period as he may permit, and he has not disapproved it within such period:

"(i) sales, purchases, exchanges, loans or extensions of credit, or investments, involving either more than one-half of one percent but less than five percent of the insurer's admitted assets, or more than five percent but less than 25 percent of the insurer's surplus, whichever is the lesser, as of the 31st day of December next preceding;

"(ii) reinsurance treaties or agreements;

"(iii) rendering of services on a regular or systematic basis; or

"(iv) any material transactions, specified by regulation, which the commissioner determines may adversely affect the interests of the insurer's policyholders or stockholders or of the public.

"(3) Nothing herein contained shall be deemed to authorize or permit any transactions which, in the case of a non-controlled insurer, would be otherwise contrary to law.

"(4) The Commissioner, in reviewing transactions hereunder, shall consider whether the transactions comply with the standards set forth in Subdivision (a) hereof and whether they may adversely affect the interest of policyholders. Any disapproval by the Commissioner of any such transactions shall set forth the specific reasons for such disapproval.

"(5) The approval of any transaction under this section shall be deemed as an amendment under Section 3(d) to an insurer's registration statement without further filing.

"Section 5. ACQUISITION OR RETENTION OF CONTROL OF OR MERGER WITH DOMESTIC INSURER. (a) Filing Requirements.

(1) No person other than the issuer shall make a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities for, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, such person would, di-

rectly or indirectly, or by conversion or by exercise of any right to acquire, be in control of such insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer unless, at the time any such offer, request, or invitation is made or any such agreement is entered into, or prior to the acquisition of such securities if no offer or agreement is entered into, or prior to the acquisition of such securities if no offer or agreement is involved, such person has filed with the commissioner and has sent to such insurer, and such insurer has sent to its shareholders, a statement containing the information required by this section and such offer, request, invitation, agreement, or acquisition has been approved by the commissioner in the manner hereinafter prescribed.

"(2) For purposes of this section a 'domestic insurer' shall include any other person controlling a domestic insurer unless such other person is either directly or through its affiliates primarily engaged in business other than the business of insurance.

"(b) Content of Statement. The statement to be filed with the commissioner hereunder shall be made under oath or affirmation and shall contain the following information:

"(1) the name and address of each person by whom or on whose behalf the merger or other acquisition of control referred to in Subsection (a) is to be effected (hereinafter called 'acquiring party'), and

"(i) if such person is an individual, his principal occupation and all offices and positions held during the past five years, and any conviction of crimes other than minor traffic violations during the past 10 years; and

"(ii) if such person is not an individual, a report of the nature of its business operations during the past five years or for such lesser period as such person and any predecessors thereof shall have been in existence; an informative description of the business intended to be done by such person and such person's subsidiaries; and a list of all individuals who are or who have been selected to become directors or executive officers of such person, or who perform or will perform functions appropriate to such positions. Such list shall include for each such individual the information required by paragraph (i) of this subsection;

"(2) the source, nature, and amount of the consideration used or to be used in effecting the merger or other acquisition of control, a description of any transaction wherein funds were or are to be obtained for any such purpose, and the identity of persons furnishing such consideration, provided, however, that where a source of such consideration is a loan made in the lender's ordinary course of business, the identity of the lender shall remain confidential, if the person filing such statement so requests;

"(3) fully audited financial information as to the earnings and financial condition of each acquiring party for the preceding five fiscal years of each such acquiring party (or for such lesser period as such acquiring party and any predecessors thereof shall have been in existence), and similar unaudited information as of a date not earlier than 90 days prior to the filing of the statement;

"(4) any plans or proposals which each acquiring party may have to liquidate such insurer, to sell its assets or merge or consolidate it with any person, or to make any other material change in its business or corporate structure or management;

"(5) the number of shares of any security referred to in Subsection (a), which each acquiring party proposes to acquire, and the terms of the offer, request, invitation, agreement, or acquisition referred to in Subsection (a), and a statement as to the method by which the fairness of the proposal was arrived at;

"(6) the amount of each class of any security referred to in Subsection (a) which is beneficially owned or concerning which there is a right to acquire beneficial ownership by each acquiring party;

"(7) a full description of any contracts, arrangements, or understanding with respect to any security referred to in Subsection (a) in which any acquiring party is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom such contracts, arrangements or understandings have been entered into;

"(8) a description of the purchase of any security referred to in Sub-

section (a) during the 12 calendar months preceding the filing of the statement by any acquiring party, including the dates of purchase, names of the purchasers, and consideration paid or agreed to be paid therefor;

"(9) a description of any recommendations to purchase any security referred to in Subsection (a) made during the 12 calendar months preceding the filing of the statement, by any acquiring party, or by anyone based upon interviews or at the suggestion of such acquiring party;

"(10) copies of all tender offers for, requests or invitations for tenders of exchange offers for, and agreements to acquire or exchange any securities referred to in Subsection (a), and (if distributed) of additional soliciting material relating thereto;

"(11) the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of securities referred to in Subsection (a) for tender, and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto;

"(12) such additional information as the commissioner may by rule or regulation prescribe as necessary or appropriate for the protection of policyholders and securityholders of the insurer or in the public interest.

"If the person required to file the statement referred to in Subsection (a) is a partnership, limited partnership, syndicate, or other group, the commissioner may require that the information called for by clauses (1) through (12) shall be given with respect to each partner of such partnership or limited partnership, each member of such syndicate or group, and each person who controls such partner or member. If any such partner, member, or person is a corporation or the person required to file the statement referred to in Subsection (a) is a corporation, the commissioner may require that the information called for by clauses (1) through (12) shall be given with respect to such corporation, each officer and director of such corporation, and each person who is directly or indirectly the beneficial owner of more than 10 percent of the outstanding voting securities of such corporation.

"If any material change occurs in the facts set forth in the statement filed with the commissioner and sent to such insurer pursuant to this section, an amendment setting forth such change, together with copies of all

documents and other material relevant to such change, shall be filed with the commissioner and sent to such insurer within two business days after the person learns of such change. Such insurer shall send such amendment to its shareholders.

"(c) Alternative Filing Materials. If any offer, request, invitation, agreement, or acquisition referred to in Subsection (a) is proposed to be made by means of a registration statement under the Securities Act of 1933, as amended, or in circumstances requiring the disclosure of similar information under the Securities Exchange Act of 1934, as amended, or under a state law requiring similar registration or disclosure, the person required to file the statement referred to in Subsection (a) may utilize such documents in furnishing the information called for by that statement.

"(d) Approval by Commissioner; Hearings. (1) The commissioner shall approve any merger or other acquisition of control referred to in Subsection (a) unless, after a public hearing thereon, he finds that:

"(i) after the change of control the domestic insurer referred to in Subsection (a) would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

"(ii) the effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein;

"(iii) the financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders or the interests of any remaining securityholders who are unaffiliated with such acquiring party;

"(iv) the terms of the offer, request, invitation, agreement, or acquisition referred to in Subsection (a) are unfair and unreasonable to the securityholders of the insurer;

"(v) the plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair, prejudicial, hazardous, or unreasonable to policyholders or stockholders of the insurer and not in the public interest;

"(vi) the competence, trustworthiness, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or

"(vii) such acquisition or merger would violate any law of this or any other state or of the United States.

"(2) The public hearing referred to in clause (1) hereof shall be held within 30 days after the statement required by Subsection (a) is filed, and at least 20 days' notice thereof shall be given by the commissioner to the person filing the statement. Not less than seven days' notice of such public hearing shall be given by the person filing the statement to the insurer and to such other persons as may be designated by the commissioner. The insurer shall give such notice to its securityholders. The commissioner shall make a determination within 30 days after the conclusion of such hearing. At such hearing, the person filing the statement, the insurer, any person to whom notice of hearing was sent, and any other person whose interests may be affected thereby shall have the right to present evidence, examine and cross-examine witnesses, and offer oral and written arguments in connection therewith.

"(e) Mailings to Shareholders; Payment of Expenses. All statements, amendments, or other material filed pursuant to Subsection (a) or (b), and all notices of public hearings held pursuant to Subsection (d), shall be mailed by the insurer to its shareholders within five business days after the insurer has received such statements, amendments, other material, or notices. The expenses of mailing shall be borne by the person making the filing. As security for the payment of such expenses, such person shall file with the commissioner an acceptable bond or other deposit in an amount to be determined by the commissioner.

"(f) Exemptions. The provisions of this section shall not apply to:

"(1) any offers, requests, invitations, agreements, or acquisitions by the person referred to in Subsection (a) of any voting security referred to in Subsection (a) which, immediately prior to the consummation of such offer, request, invitation, agree-

ment, or acquisition, was not issued and outstanding;

"(2) any transaction which is subject to the provisions of: (i) Art. 21.25, Sections 1 through 5, of this Code, dealing with the merger or consolidation of two or more insurers and complying with the terms of such Article, (ii) Article 11.20 of this Code, (iii) Article 11.21 of this Code, (iv) Art. 14.13 of this Code, (v) Art. 14.61 of this Code, (vi) Art. 14.63 of this Code, (vii) Art. 21.26 of this Code provided that all or 100% of the stock is initially and simultaneously purchased in order to effect a total reinsurance, (viii) Art. 22.15 of this Code, and (ix) Art. 22.19 of this Code provided that the reinsurance is a total direct reinsurance agreement.

"(3) any offer, request, invitation, agreement, or acquisition which the commissioner by order shall exempt therefrom as (i) not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer, or (ii) as otherwise not comprehended within the purposes of this section.

"(g) Retention of Control. The following conditions affecting any controlled insurer, regardless of when such control has been acquired, are violations of this Article: (i) the insurer, its holding company or any controlling person, or any of the officers or directors of either, have violated this Article or have otherwise demonstrated untrustworthiness; or (ii) the insurer, the holding company or any affiliate is in violation of any provision of Chapter 15 of the Business and Commerce Code, Acts 1967, 60th Legislature, Chapter 785, as amended, or any other antitrust law of this state. If, after notice and an opportunity to be heard the Commissioner determines that any of the foregoing violations exists, he shall reduce his findings to writing and shall issue an order based thereon and cause the same to be served upon the insurer and upon all persons affected thereby directing any person found to be in violation hereof to take appropriate action to cure such violation. Upon the failure of any such person to comply with such order, Article 1.14, Section 3, of this Code, shall become applicable to such person, as well as any other provisions of this Article.

"(2) The commissioner may require the submission of such information as he deems necessary to determine whether any retention of control complies with this article and may require, as a condition of approval of such retention of control, that all or any portion of such information be disclosed to the insurer's stockholders.

"(h) Duty of Insurer. Unless subject to registration under Section 3, or unless it is a foreign insurer not subject to disclosure requirements and standards adopted by statute or regulation in the jurisdiction of its domicile which are substantially similar to those contained in this Article, or unless acquisition of its control is subject to subsections (a), (b), and (c) hereof, every authorized insurer, shall, on or before November 1, 1971, or within 30 days after any event requiring notice hereunder, whichever is later, notify the Commissioner in writing of the identity of any person whom the insurer then knows, or has reason to believe, controls or has taken any action, other than preliminary negotiations or discussions, to acquire control of the insurer.

"(i) Violations. The following shall be violations of this section:

"(1) the failure to file any statement, amendment, or other material required to be filed pursuant to this section; or

"(2) the effectuation or any attempt to effectuate an acquisition of control of, or merger with, a domestic insurer unless the commissioner has given his approval thereto.

"(j) Jurisdiction, Consent to Service of Process. The courts of this state are hereby vested with jurisdiction over every person not resident, domiciled, or authorized to do business in this state who files a statement with the commissioner under this section, and over all actions involving such person arising out of violations of this section, and each such person shall be deemed to have performed acts equivalent to and constituting an appointment by such person of the commissioner to be his true and lawful attorney upon whom may be served all lawful process in any action, suit, or proceeding arising out of violations of this section. Copies of all such lawful process shall be served on the commissioner and transmitted by registered or certified mail by the commissioner to such person at his last known address.

"Section 6. SUBSIDIARIES OF INSURERS. Any domestic insurer, either by itself or in cooperation with one or more persons, may organize or acquire one or more subsidiaries, as an investment but only as permitted by the investment provisions of the Insurance Code.

"Section 7. MANAGEMENT OF CONTROLLED INSURERS. (a) Notwithstanding the control of an authorized insurer by any person, the officers and directors of the insurer shall not thereby be relieved of any obligation or liability to which they would otherwise be subject by law, and the insurer shall be managed so as to assure its separate operating identity consistent with this code.

"(b) Nothing herein shall preclude an authorized insurer from having or sharing a common management or co-operative or joint use of personnel, property, or services with one or more other persons under arrangements meeting the standards of paragraph (4) of Section 4(a) hereof.

"Section 8. PROHIBITION OF INDIRECT ACTION. No holding company or controlled person shall directly or indirectly or through another person do or cause to be done for or on behalf of the controlled insurer any act intended to affect, influence, change, or alter the insurance operations of the insurer which, if done by the insurer acting alone, would violate this code.

"Section 9. EXAMINATION. (a) Power of the Commissioner. Subject to the limitation contained in this section and in addition to the powers which the commissioner has under other articles of this code relating to the examination of insurers, the commissioner shall also have the power to order any insurer registered under Section 3 to produce such records, books, or other information papers in the possession of the insurer, its holding company, its subsidiaries, or its affiliates as shall be necessary to ascertain the financial condition or legality of conduct of such insurer. In the event such insurer fails to comply with such order, every holding company, every controlled person, subsidiary, or affiliate within the insurance holding company system shall be subject to examination by order of the commissioner if he has cause to believe that the operations of such persons may materially affect the opera-

tions, management, or financial condition of any controlled insurer within the system and that he is unable to obtain relevant information from such controlled insurer. The grounds relied upon by the commissioner for such examination shall be stated in his order, which order shall be subject to judicial review only at the instance of the person sought to be examined. Such examination shall be confined to matters specified in the order. The cost of such examination shall be assessed against the person examined and no portion thereof shall thereafter be reimbursed to it directly or indirectly by the controlled insurer.

"(b) Purpose and Limitation of Examination. The commissioner shall exercise his power under Subsection (a) above only if the examination of the insurer under other sections of this code is inadequate or the interests of the policyholders of such insurer may be adversely affected.

"(c) Use of Consultants. The commissioner may retain at the registered insurer's expense such attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff as shall be reasonably necessary to assist in the conduct of the examination under Subsection (a) above. Any persons so retained shall be under the direction and control of the commissioner and shall act in a purely advisory capacity.

"(d) Expenses. Each registered insurer complying with the commissioner's order and producing for examination records, books, and papers pursuant to Subsection (a) above shall be liable for and shall pay the expense of such examination in accordance with Article 1.16 of this code.

"Section 10. CONFIDENTIAL TREATMENT. All information, documents, and copies thereof obtained by or disclosed to the commissioner or any other person in the course of an examination or investigation made pursuant to Section 9 and all information reported pursuant to Section 3, shall be given confidential treatment and shall not be subject to subpoena and shall not be made public by the commissioner or any other person, except to insurance departments of other states, without the prior written consent of the insurer to which it pertains unless the commissioner, after giving the insurer and its affiliates

who would be affected thereby notice and opportunity to be heard, determines that the interests of policyholders, shareholders, or the public will be served by the publication thereof, in which event he may publish all or any part thereof in such manner as he may deem appropriate.

"Section 11. RULES AND REGULATIONS. The State Board of Insurance may, upon notice and opportunity for all interested persons to be heard, issue such rules, regulations, and orders as shall be consistent with and to carry out the provisions of this article and to govern the conduct of its business and proceedings hereunder. Notwithstanding any other provisions of this article, the board shall not have any power or authority to amend or enlarge upon any provision of this article by rule or regulation or by rule or regulation to change the meaning in any manner whatsoever of any provision of this article or to promulgate any rule or regulation which is in any way contrary to the underlying and fundamental purposes of this article or to make any rule or regulation which is unreasonable, arbitrary, capricious, illegal, or unnecessary.

"Section 12. INJUNCTIONS: PROHIBITIONS AGAINST VOTING SECURITIES: SEQUESTRATION OF VOTING SECURITIES. (a) Injunctions. Whenever it appears to the commissioner that any insurer or any director, officer, employee, or agent thereof has committed or is about to commit a violation of this article or of any rule, regulation, or order issued by the State Board of Insurance or by the commissioner hereunder, the commissioner may apply to the district court for Travis County for an order enjoining such insurer or such director, officer, employee, or agent thereof from violating or continuing to violate this article or any such rule, regulation, or order, and for such other equitable relief as the nature of the case and the interest of the insurer's policyholders, creditors, and shareholders or the public may require.

"(b) Voting of Securities; When Prohibited. No security which is the subject of any agreement or arrangement regarding acquisition, or which is acquired or to be acquired in contravention of the provisions of this

article or of any rule, regulation, or order issued by the State Board of Insurance or the commissioner hereunder may be voted at any shareholders' meeting, or may be counted for quorum purposes, and any action of shareholders requiring the affirmative vote of a percentage of shares may be taken as though such securities were not issued and outstanding, but no action taken at any such meeting shall be invalidated by the voting of such securities, unless the action would materially affect control of the insurer or unless the courts of this state have so ordered. If an insurer or the commissioner has reason to believe that any security of the insurer has been or is about to be acquired in contravention of the provisions of this article or of any rule, regulation, or order issued by the State Board of Insurance or the commissioner hereunder, the insurer or the commissioner may apply to the district court for Travis County or to the district court for the county in which the insurer has its principal place of business to enjoin any offer, request, invitation, agreement, or acquisition made in contravention of Section 5 or any rule, regulation, or order issued by the commissioner thereunder to enjoin the voting of any such security so acquired, to void any vote of such security already cast at any meeting of shareholders, and for such other equitable relief as the nature of the case and the interests of the insured's policyholders, creditors, and shareholders or the public may require.

"(c) Sequestration of Voting Securities. In any case where a person has acquired or is proposing to acquire any voting securities in violation of this article or any rule, regulation or order issued by the State Board of Insurance or the commissioner hereunder the district court for Travis County or the district court for the county in which the insurer has its principal place of business may, on such notice as the court deems appropriate, upon the application of the insurer or the commissioner seize or sequester any voting securities of the insurer owned directly or indirectly by such person, and issue such orders with respect thereto as may be appropriate to effectuate the provisions of this article. Notwithstanding any other provisions of law, for the pur-

poses of this article the situs of the ownership of the securities of domestic insurers shall be deemed to be in this state.

"Section 13. CRIMINAL PROCEEDINGS. Whenever it appears to the commissioner that any insurer or any director, officer, employee, or agent thereof has committed a wilful violation of this article, the commissioner may cause criminal proceedings to be instituted by the district attorney for the county in which the principal office of the insurer is located or if such insurer has no such office in the state, then by the district attorney for Travis County against such insurer, or the responsible director, officer, employee, or agent thereof. Any insurer which wilfully violates this article may be fined not more than \$10,000. Any individual who wilfully violates this article may be fined not more than \$5,000 or, if such wilful violation involves the deliberate perpetration of a fraud upon the commissioner, imprisoned not more than two years or both.

"Section 14. RECEIVERSHIP. Whenever it appears to the commissioner that any person has committed a violation of this article which so impairs the financial condition of a domestic insurer as to threaten its insolvency or make the further transaction of its business hazardous to its policyholders, creditors, shareholders, or the public, then the commissioner may proceed as provided in Articles 21.28 and 21.28-A of this code to take possession of the property of such domestic insurer and to conduct the business thereof.

"Section 15. REVOCATION, SUSPENSION, OR NON-RENEWAL OF INSURER'S LICENSE. Whenever it appears to the commissioner that any person has committed a violation of this article which makes the continued operation of an insurer contrary to the interests of policyholders or the public, the commissioner may, after giving notice and an opportunity to be heard, determine to suspend, revoke, or refuse to renew such insurer's license or authority to do business in this state for such period as he finds is required for the protection of policyholders or the public. Any such determination shall be accompanied by specific findings of fact and conclusion of law.

"Section 16. RESCISSION, REVOCA-TION, AND REVERSAL OF UNAUTHORIZED TRANSACTIONS. Whenever it appears to the commissioner that any person has entered into any transaction or act without having first complied with the provisions of this article applicable to such transaction or act, and in violation hereof, the commissioner may, after giving notice and an opportunity to be heard, determine and order that such transaction or act be set aside, rescinded, revoked, reversed, and rendered void and of no force or effect, so that the parties to such transaction or act shall be returned to the position they would have occupied had not such transaction or act occurred in violation of this article.

"Section 17. JUDICIAL REVIEW; MANDAMUS. (a) Any person aggrieved by any act, determination, rule, regulation, or order or any other action of the commissioner pursuant to this article may appeal therefrom under the procedures provided in Article 1.04 of this code.

"(b) The filing of an appeal pursuant to this section shall stay the application of any such rule, regulation, order, or other action of the commissioner to the appealing party unless the court, after giving such party notice and an opportunity to be heard, determines that such a stay would be detrimental to the interests of policyholders, shareholders, creditors, or the public.

"(c) Any person aggrieved by any failure of the commissioner to act or make a determination required by this article may petition the district court for Travis County for a writ in the nature of a mandamus or a peremptory mandamus directing the commissioner to act or make such determination forthwith."

Sec. 2. All laws and part of laws in this state inconsistent with this article are hereby superseded with respect to matters covered by this article.

Sec. 3. If any provision of this article or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this article which can be given effect without the invalid provision or application, and for this purpose the provisions of this article are severable.

Sec. 4. The importance of this legislation and the crowded condition of

the calendars in both houses create an emergency and an imperative public necessity that the Constitutional Rule requiring bills to be read on three several days in each house be suspended, and this Rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

The Committee Amendment was read and was adopted.

On motion of Senator Christie and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

The bill as amended was passed to engrossment.

Senate Bill 233 on Third Reading

Senator Christie moved that the Constitutional Rule and Senate Rule 30 requiring bills to be read on three several days be suspended and that S. B. No. 233 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—30

Aikin	Hightower
Bates	Jordan
Beckworth	Kennard
Bernal	Kothmann
Blanchard	Mauzy
Bridges	McKool
Brooks	Moore
Christie	Patman
Connally	Ratliff
Creighton	Schwartz
Grover	Sherman
Hall	Snelson
Harrington	Wallace
Harris	Watson
Herring	Wilson

Absent—Excused

Word

The President Pro Tempore then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed by the following vote:

Yeas—30

Aikin	Bernal
Bates	Blanchard
Beckworth	Bridges

Brooks	Kothmann
Christie	Mauzy
Connally	McKool
Creighton	Moore
Grover	Patman
Hall	Ratliff
Harrington	Schwartz
Harris	Sherman
Herring	Snelson
Hightower	Wallace
Jordan	Watson
Kennard	Wilson

Absent—Excused

Word

Senate Bill 677 Re-referred

On motion of Senator Creighton and by unanimous consent, S. B. No. 677 was withdrawn from the Committee on Education and re-referred to the Committee on County, District and Urban Affairs.

Committee Substitute
Senate Bill 51 on Third Reading

Senator McKool asked unanimous consent to suspend the regular order of business and take up C. S. S. B. No. 51 for consideration at this time.

There was objection.

Senator McKool then moved to suspend the regular order of business and take up C. S. S. B. No. 51 for consideration at this time.

The motion prevailed by the following vote:

Yeas—22

Alkin	Jordan
Bates	Kennard
Beckworth	Kothmann
Bernal	Mauzy
Bridges	McKool
Brooks	Patman
Christie	Schwartz
Hall	Sherman
Harrington	Wallace
Herring	Watson
Hightower	Wilson

Nays—8

Blanchard	Harris
Connally	Moore
Creighton	Ratliff
Grover	Snelson

Absent—Excused

Word

The President Pro Tempore laid before the Senate on its third reading and passage to engrossment:

C. S. S. B. No. 51, A bill to be entitled "An Act providing for a system of quadrennial voter registration, with provisions for renewal of registration for a succeeding quadrennium; also providing for transfer of voter registration duties and other election duties; etc., and declaring an emergency."

The bill was read third time.

Senator McKool offered the following amendment to the bill:

Amend the Committee Substitute for Senate Bill No. 51 as follows:

(1) On page 1, lines 14, 15, and 16 of the substitute bill as reported (page 1, lines 6, 7, and 8 of the substitute bill as printed), strike "amending Sections 14 and 41a (Articles 2.06 and 5.09a, Vernon's Texas Election Code); adding Section 41b;" and substitute the following: "amending Section 14 (Article 2.06, Vernon's Texas Election Code);".

(2) On page 1, lines 20 and 21 of the substitute bill as reported (page 1, lines 12 and 13 of the substitute bill as printed), retain the language "amending Sections 51b and 53a (Articles 5.19b and 5.21a);" in lieu of the substitution made by Amendment No. 4 which was adopted on second reading.

(3) Strike Section 23 of the substitute bill as reported and printed (which becomes Section 21 under Amendment No. 6 which was adopted on second reading), and substitute the following:

"Sec. 21. Effective dates of sections. (a) Immediately upon the effective date of this Act, Sections 2 through 7, 9, 11, 12, 14, and 15 take effect for registration to vote at elections held on and after the first day of the first quadrennium as defined in the Act. The law as it exists before the amendments made by this Act continues in effect for registration to vote at elections held before the first day of the first quadrennium.

"(b) Sections 1, 8, 10, and 16 through 20 take effect on the first day of the first quadrennium as defined in the Act.

"(c) Section 13 takes effect on September 1 following the first day of the first quadrennium as defined in the Act."

The amendment was read and was adopted by the following vote:

Yeas—27

Aikin	Jordan
Bates	Kennard
Beckworth	Kothmann
Bernal	Mauzy
Blanchard	McKool
Bridges	Patman
Brooks	Ratliff
Christie	Schwartz
Connally	Sherman
Creighton	Snelson
Hall	Wallace
Harrington	Watson
Herring	Wilson
Hightower	

Nays—3

Grover	Moore
Harris	

Absent—Excused

Word

The bill as amended was passed by the following vote:

Yeas—22

Aikin	Jordan
Bates	Kennard
Beckworth	Kothmann
Bernal	Mauzy
Bridges	McKool
Brooks	Patman
Christie	Schwartz
Hall	Sherman
Harrington	Wallace
Herring	Watson
Hightower	Wilson

Nays—8

Blanchard	Harris
Connally	Moore
Creighton	Ratliff
Grover	Snelson

Absent—Excused

Word

Senate Bill 884 Ordered Not Printed

On motion of Senator Patman and by unanimous consent, S. B. No. 884 was ordered not printed.

Senate Bill 805 Ordered Not Printed

On motion of Senator Patman and by unanimous consent, S. B. No. 805 was ordered not printed.

Senate Bill 426 Ordered Not Printed

On motion of Senator Patman and by unanimous consent, S. B. No. 426 was ordered not printed.

Senate Bill 425 Ordered Not Printed

On motion of Senator Patman and by unanimous consent, S. B. No. 425 was ordered not printed.

Senate Bill 424 Ordered Not Printed

On motion of Senator Patman and by unanimous consent, S. B. No. 424 was ordered not printed.

Senate Bill 573 on Second Reading

On motion of Senator Moore and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

S. B. No. 573, A bill to be entitled "An Act authorizing the Board of Directors of Texas A&M University to levy certain limited student fees for the purpose of operating, maintaining, improving, and equipping the Texas A&M Student Center Complex and acquiring or constructing additions to said Complex; regulating the collection and control of the fees; limiting the activities of the Student Center Complex; and declaring an emergency."

The bill was read second time and passed to engrossment.

Senate Bill 573 on Third Reading

Senator Moore moved that the Constitutional Rule and Senate Rule 30 requiring bills to be read on three several days be suspended and that S. B. No. 573 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—30

Aikin	Blanchard
Bates	Bridges
Beckworth	Brooks
Bernal	Christie

Connally	Mauzy
Creighton	McKool
Grover	Moore
Hall	Patman
Harrington	Ratliff
Harris	Schwartz
Herring	Sherman
Hightower	Snelson
Jordan	Wallace
Kennard	Watson
Kothmann	Wilson

Absent—Excused

Word

The President Pro Tempore then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed by the following vote:

Yeas—30

Aikin	Hightower
Bates	Jordan
Beckworth	Kennard
Bernal	Kothmann
Blanchard	Mauzy
Bridges	McKool
Brooks	Moore
Christie	Patman
Connally	Ratliff
Creighton	Schwartz
Grover	Sherman
Hall	Snelson
Harrington	Wallace
Harris	Watson
Herring	Wilson

Absent—Excused

Word

Senate Bill 414 on Second Reading

On motion of Senator Bates and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

S. B. No. 414, A bill to be entitled "An Act amending Statutes to create a Legislative Property Tax Committee, defining and prescribing the duties and powers of the Committee and its members; etc., and declaring an emergency."

The bill was read second time.

Senator Aikin offered the following amendment to the bill:

Amend S. B. No. 414 by striking out the words "or any member thereof" on line 54, Section C of page 2 of the printed bill.

The amendment was read and was adopted.

Senator Herring offered the following amendment to the bill:

Amend S. B. No. 414, Section 3, paragraph (C) by striking therefrom the words, "or any member thereof," on lines 7 and 8 and 3 and 4.

The amendment was read and was adopted.

Senator Aikin offered the following amendment to the bill:

Amend S. B. No. 414 by striking out the following words in Section "D" "by any member of said committee" wherever they appear in said section.

The amendment was read and was adopted.

Senator Grover offered the following amendment to the bill:

Amend S. B. No. 414, page 3, by striking all of paragraph (f), and renumbering all paragraphs accordingly.

The amendment was read and was adopted.

Senator Aikin offered the following amendment to the bill:

Amend S. B. No. 414 by adding a new section to be known as Section 7A to read as follows:

"No subpoena shall be issued except upon majority vote of said committee."

The amendment was read and was adopted.

On motion of Senator Bates and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

The bill as amended was passed to engrossment.

Record of Votes

Senators Grover and Hall asked to be recorded as voting "Nay" on the passage of the bill to engrossment.

Senate Bill 414 on Third Reading

Senator Bates moved that the Constitutional Rule and Senate Rule 30 requiring bills to be read on three several days be suspended and that S. B. No. 414 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—28

Aikin	Jordan
Bates	Kennard
Beckworth	Kothmann
Bernal	Mauzy
Blanchard	McKool
Bridges	Moore
Brooks	Patman
Christie	Ratliff
Connally	Schwartz
Creighton	Sherman
Harrington	Snelson
Harris	Wallace
Herring	Watson
Hightower	Wilson

Nays—2

Grover Hall

Absent—Excused

Word

The President Pro Tempore then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed by the following vote:

Yeas—28

Aikin	Jordan
Bates	Kennard
Beckworth	Kothmann
Bernal	Mauzy
Blanchard	McKool
Bridges	Moore
Brooks	Patman
Christie	Ratliff
Connally	Schwartz
Creighton	Sherman
Harrington	Snelson
Harris	Wallace
Herring	Watson
Hightower	Wilson

Nays—2

Grover Hall

Absent—Excused

Word

Senate Bill 676 on Second Reading

On motion of Senator Schwartz and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

S. B. No. 676, A bill to be entitled "An Act relating to the places for the holding of meetings of the Good Neighbor Commission and to the financing and functions of the Commission; amending Section 4, Chapter 435, Acts of the 50th Legislature, 1947, as amended (Article 4101-2, Vernon's Texas Civil Statutes); and declaring an emergency."

The bill was read second time and passed to engrossment.

Senate Bill 676 on Third Reading

Senator Schwartz moved that the Constitutional Rule and Senate Rule 30 requiring bills to be read on three several days be suspended and that S. B. No. 676 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—30

Aikin	Hightower
Bates	Jordan
Beckworth	Kennard
Bernal	Kothmann
Blanchard	Mauzy
Bridges	McKool
Brooks	Moore
Christie	Patman
Connally	Ratliff
Creighton	Schwartz
Grover	Sherman
Hall	Snelson
Harrington	Wallace
Harris	Watson
Herring	Wilson

Absent—Excused

Word

The President Pro Tempore then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed by the following vote:

Yeas—30

Aikin	Beckworth
Bates	Bernal

Blanchard	Kennard
Bridges	Kothmann
Brooks	Mauzy
Christie	McKool
Connally	Moore
Creighton	Patman
Grover	Ratliff
Hall	Schwartz
Harrington	Sherman
Harris	Snelson
Herring	Wallace
Hightower	Watson
Jordan	Wilson

Absent—Excused

Word

Reports of Standing Committees

By unanimous consent, Senator Hall submitted the following report for the Committee on County, District and Urban Affairs:

S. B. 677 (Floor Report).

By unanimous consent, Senator Wilson submitted the following reports for the Committee on Constitutional Amendments:

S. J. R. No. 40.

S. J. R. No. 27.

S. J. R. No. 28.

S. J. R. No. 46.

Messages From the House

Hall of the House of Representatives
Austin, Texas,
March 29, 1971.

Hon. Ben Barnes, President of the Senate.

Sir: I am directed by the House to inform the Senate that the House has passed the following:

The House has concurred in Senate amendments to House Bill No. 3 by non-record vote.

Respectfully submitted,

DOROTHY HALLMAN,
Chief Clerk, House of Representatives

Memorial Resolutions

S. R. No. 805—By Senator Creighton: Memorial resolution for Amos C. "Jiggs" McClure.

S. R. No. 810—By Senator Watson: Memorial resolution for Mrs. Mary E. Wallace.

S. R. 811—By Senator Watson: Memorial resolution for William Wylie Rowland.

S. R. No. 812—By Senator Watson: Memorial resolution for Richard C. Scott.

S. R. No. 813—By Senator Watson: Memorial resolution for Sam James Denn.

Welcome and Congratulatory Resolutions

H. C. R. No. 98—Extending an invitation to the Reverend Dr. Billy Graham to hold a crusade in Austin.

S. R. No. 801—By Senator Blanchard: Extending congratulations to Charlene Chambles and Roger Dean on receipt of Medalist award in Journalism.

S. R. No. 802—By Senator Blanchard: Extending welcome to Social Studies Club of Andrews High School.

S. R. No. 803—By Senator Grover: Extending welcome to students of Condit Elementary School of Houston.

S. R. No. 804—By Senator Wallace: Extending welcome to students and teachers of Lula B. Stevens Elementary School of Houston.

S. R. No. 807—By Senator McKool: Extending welcome to John Hancock, et al.

S. R. No. 809—By Senator Watson: Extending welcome to Wiley Stem.

S. R. No. 814—By Senator Snelson: Extending welcome to Honors Government Class of Central High School.

S. R. No. 815—By Senator Aikin: Extending welcome to the Honorable Choice Moore, et al.

Adjournment

On motion of Senator Aikin the Senate at 12:12 o'clock p.m. adjourned until 11:00 o'clock a.m. tomorrow.

FORTY-SIXTH DAY

(Tuesday, March 30, 1971)

The Senate met at 11:00 o'clock a.m., pursuant to adjournment, and was called to order by the President Pro Tempore.